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## FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 5.7.2010

Wall Street Journal: "Goldman Talks Settlement With SEC ... Goldman Sachs Group Inc. lawyers met this week with representatives of the Securities and Exchange Commission in a first step toward a potential settlement of the agency's fraud lawsuit against the securities firm."

Wall Street Journal: "AIG Swings to Profit ... American International Group Inc. swung to a first-quarter profit as the bailed-out insurance giant saw fewer write-downs and restructuring expenses and earnings grew at its most of its core insurance businesses."

Wall Street Journal: "Fed Faults Its New York Office's Oversight of Big Banks ... The Federal Reserve Bank of New York has come under pressure from Fed officials in Washington to improve the performance of its supervisors overseeing the nation's biggest banks, new documents show."

Wall Street Journal: "Audit-the-Fed: What's Next for the Central Bank? ... The Federal Reserve won a key battle Thursday when Sen. Bernie Sanders (I., Vt.) agreed to substantially alter his provision to audit the central bank's operations. But pressure from the audit-the-Fed movement is far from over."

Wall Street Journal: "Plan for Congressional Audits of Fed Dies in Senate ... Last-minute maneuvering in the Senate allowed the Federal Reserve to sidestep legislation that would have exposed its interest-rate decision-making to congressional auditors."

Wall Street Journal: "Bernanke Warns of Small-Bank Risks ... Small U.S. banks will likely have to raise capital in the coming years, while bigger institutions are doing much better than a year ago, Federal Reserve Chairman Ben Bernanke said Thursday."

Wall Street Journal: "Fed Officials Develop Plan to Shrink Central Bank's Mortgage Portfolio ... Federal Reserve officials have agreed to sell some of the central bank's \$1.1 trillion of mortgage-backed securities at some point, but have been unable to reach a firm consensus on how soon or how aggressively to do that, according to several people familiar with the matter."

Wall Street Journal: "There He Goes Again ... Last Saturday at the University of Michigan, President Obama noted the importance of maintaining "a basic level of civility in our public debate." He added, "You can question somebody's views and their judgment without questioning their motives or their patriotism.""

Washington Post: "Greece's debt crisis could spread across Europe ... A third straight day of decline in world financial markets on Thursday was vivid evidence of a scary proposition: That the fiscal crisis that began in Greece months ago is spreading across Europe like a virus, causing growing doubt even about the fates of nations with far more manageable levels of government debt."

Washington Post: "Financial firms' roles toughen legislative task ... Investment banks such as Goldman Sachs and Morgan Stanley do not always need to act in their customers' best interests."

Washington Post: "Financial overhaul bill gets bipartisan push in Senate ... In a rare show of bipartisanship, the Senate on Wednesday overwhelmingly approved an amendment to the financial regulatory bill aimed at ensuring that taxpayers

never again be on the hook for bailing out collapsed banks and investment firms."

NY Times: "Two British Bank Chiefs Voice Concern on Greece ... Two British bank chiefs said Friday they were closely monitoring the effect of the Greek credit crisis on their businesses - even though their banks had little direct exposure to the highly indebted country."

NY Times: "A.I.G. Said to Dismiss Goldman ... As its legal troubles mount, Goldman Sachs is losing a big corporate client: the American International Group."

NY Times: "A Money Too Far ... So, is Greece the next Lehman? No. It isn't either big enough or interconnected enough to cause global financial markets to freeze up the way they did in 2008."

LA Times: "Government didn't move fast enough to stem financial crisis, Geithner says ... The financial crisis could have been "less severe" if the government had moved faster to contain the damage, Treasury Secretary Timothy F. Geithner said Thursday."

USA Today: "Senate vote defeats move to cut financial watchdog powers ... The Senate on Thursday soundly defeated a move by Republicans to limit the powers of a proposed financial watchdog agency aimed at protecting consumers from the kinds of products that helped set off the economic crisis."

USA Today: "Geithner and Paulson say more financial regulation is needed ... Treasury Secretary Timothy Geithner says a root cause of the financial crisis was Congress' failure to give regulators enough power to rein in risk-taking by financial firms operating outside traditional rules."

USA Today: "Bernanke: Fed is working to get credit to small business ... Regulators must do all they can to help banks make loans to creditworthy borrowers, especially small businesses, a development critical to strengthening the economic recovery, Federal Reserve Chairman Ben Bernanke said Thursday."

Washington Times: "EDITORIAL: A bailout by any other name ... The financial-reform package making its way through the Senate continues to get worse. Sen. Christopher J. Dodd, Connecticut Democrat, and Sen. Richard C. Shelby, Alabama Republican, struck a compromise Wednesday on an amendment that they hope will end the "too big to fail" debate by dropping the controversial \$50 billion bailout fund proposal. Unfortunately, what's left in its place represents a massive expansion of government control over the economy."